

**Before the
Federal Communications Commission
Washington D.C. 20554**

In the Matter of)	
)	
Auction of Advanced Wireless Services)	AU Docket No. 06-30
Licenses Scheduled for June 29, 2006)	
)	
Comment Sought on Reserve Prices)	
or Minimum Opening Bids)	
and Other Procedures)	

**REPLY COMMENTS
OF THE
ORGANIZATION FOR THE PROMOTION AND ADVANCEMENT
OF SMALL TELECOMMUNICATIONS COMPANIES**

I. INTRODUCTION

The Organization for the Promotion and Advancement of Small Telecommunications Companies (“OPASTCO”)¹ hereby submits these reply comments in response to the comments filed on the Public Notice in the above-captioned proceeding.² The Public Notice seeks comment on the bidding procedures for the June 29, 2006 auction of Advanced Wireless Services (“AWS”) licenses in the 1710-1755 MHz and 2110-2155 MHz bands.

The Wireless Telecommunications Bureau (“Bureau”) should maintain its long-standing policy of transparent bidding in the AWS-1 auction and reject the use of blind

¹ OPASTCO is a national trade association representing over 550 small incumbent local exchange carriers (ILECs) serving rural areas of the United States. Its members, which include both commercial companies and cooperatives, together serve more than 3.5 million customers. All OPASTCO members are rural telephone companies as defined in 47 U.S.C. §153(37). Nearly one half of OPASTCO’s members provide some type of wireless service.

² *Auction of Advanced Wireless Services Licenses Scheduled for June 29, 2006, Comment Sought on Reserve Prices or Minimum Opening Bids and Other Procedures*, AU Docket No. 06-30, Public Notice, DA 06-238, (January 31, 2006) (Public Notice).

bidding. Blind bidding would limit the ability of small, rural carriers to make informed bidding decisions based on the technology utilized by neighboring carriers, and thus would hinder their participation in the AWS-1 auction. Additionally, the Bureau should lower its proposed upfront payment formula. As it stands, the proposed upfront payment formula would discourage small, rural carriers, who possess limited capital resources, from participating in the auction. Finally, the Bureau should reject the use of package bidding, an untested and complicated procedure that could discriminate against small, rural carriers.

II. TO ENCOURAGE SMALL, RURAL CARRIER PARTICIPATION IN THE AWS-1 AUCTION, THE BUREAU SHOULD MAINTAIN TRANSPARENCY IN THE BIDDING PROCESS AND REJECT THE USE OF BLIND BIDDING

OPASTCO agrees with the majority of commenters in this proceeding that oppose the use of so-called “blind bidding,” under which certain information pertaining to bidders’ interests, identities, and bids would be withheld from other bidders.³ Disclosing the license selections of bidders prior to the auction and disclosing the identities of bidders and their bid amounts at the end of each auction round is beneficial to small, rural carriers because it allows them to assess technical information about bidders from adjacent or neighboring markets.⁴ Small, rural carriers are heavily dependent on roaming and must often make technological and business decisions based on the technology

³ Advanced Communications Technology (ACT), p. 2; Alltel Corporation (Alltel), pp. 2-3; Cameron Communications (Cameron), p. 2; CC Communications (CC), p. 2; Centennial Communications Corporation (Centennial), pp. 5-7; Cingular Wireless, LLC (Cingular), pp. 5-10; Columbia Capital LLC and MC Venture Partners (Columbia/MC), pp. 5-7; Emery Telcom (Emery Telcom), p. 2; Interstate Telecommunications Cooperative (ITC), pp. 2-3; Leap Wireless International, Inc. (Leap Wireless), pp. 6-12; MetroPCS Communications, Inc. (MetroPCS), pp. 9-15; NTCH, Inc. dba CLEAR TALK (NTCH), pp. 2-4; RT Communications, Inc. (RT), p. 2; Rural Telecommunications Group (RTG), pp. 2-6; T-Mobile USA, Inc. (T-Mobile), pp. 5-8; United State Cellular Corporation (US Cellular), pp. 4-7; Venture Communications Cooperative (Venture), p. 2.

⁴ RTG, pp. 2-3.

utilized by neighboring and adjacent carriers. It is therefore important for small, rural carriers to know the identity of carriers bidding for licenses to serve these neighboring and adjacent territories.⁵ As Centennial Communications notes, “[f]or carriers to construct efficient networks that can offer customers seamless roaming nationwide, interference-free operation of their handsets, and rapid data services, knowledge of the identity of bidders and their bids is a critical input to a carrier’s decision of where and how to expand its network’s capabilities.”⁶

The Bureau has not demonstrated a need to depart from the long-standing policy of transparency in the bidding process. A transparent bidding process gives small, rural carriers the information necessary to make informed bidding decisions, enabling them to meaningfully participate in the auction process. In contrast, small, rural carrier participation in the AWS-1 auction would be discouraged by the use of blind bidding and should therefore not be adopted.

III. TO ENCOURAGE SMALL, RURAL CARRIER PARTICIPATION IN THE AWS-1 AUCTION, THE BUREAU SHOULD LOWER ITS PROPOSED UPFRONT PAYMENT FORMULA

OPASTCO agrees with commenters in this proceeding that oppose the Bureau’s proposed upfront payment formula.⁷ The proposed upfront payment formula⁸ would require small, rural carriers to spend, on average, between \$75,000 and \$250,000 before beginning the bidding process, thereby discouraging their participation in the AWS-1 auction.⁹

⁵ *Id.*

⁶ Centennial, pp. 6-7.

⁷ ACT, p. 3; Cameron, p. 3; CC, p. 3; Emery Telcom, p. 3; ITC, p. 3; RT, pp. 2-3; RTG, pp. 6-7; Venture, pp. 2-3.

⁸ The Bureau’s proposed upfront payment formula is $\$0.05 * \text{MHz} * \text{License Area Population}$. Public Notice, p. 11.

⁹ RTG, p. 6.

OPASTCO supports the proposal by RTG to lower the upfront payment formula for Block A of the AWS-1 license auction to $\$0.02 * \text{MHz} * \text{License Area Population}$.¹⁰ This formula would enable small, rural carriers, who have limited financial resources, to bid effectively and would encourage their participation in the auction. Thus, adoption of RTG's proposed formula would comport with the objective of Congress in section 309(j) of the Communications Act of 1934, as amended, ("Act") to "promot[e] economic opportunity and competition and ensur[e] that new and innovative technologies are readily accessible to the American people... by disseminating licenses among a wide variety of applicants, including small businesses, [and] rural telephone companies..."¹¹

IV. THE BUREAU SHOULD NOT ADOPT PACKAGE BIDDING, AS IT WOULD HINDER THE ABILITY OF SMALL, RURAL CARRIERS TO OBTAIN ACCESS TO SPECTRUM

OPASTCO agrees with the numerous commenters that oppose the use of package bidding in the AWS-1 auction.¹² Package bidding is both complicated and untested, and the Bureau has yet to demonstrate that it will not harm small, rural carriers.

OPASTCO is particularly concerned about the so-called "threshold" problem associated with package bidding, identified by commenters in this and other previous proceedings.¹³ As these commenters have explained, the "threshold" problem favors

¹⁰ *Id.*

¹¹ 47 U.S.C. § 309(j)(3)(B).

¹² ACT, p. 2; Alltel, p. 2; Cameron, pp. 1-2; CC, pp. 1-2; Cingular, pp. 2-4; Columbia/MC, pp. 4-5; CTIA-The Wireless Association (CTIA), pp. 1-3; Leap Wireless, pp. 2-6; MetroPCS, pp. 6-9; NTCA, pp. 1-5; RT, pp. 1-2; Sprint Nextel, pp. 5-7; T-Mobile, pp. 3-5; US Cellular, pp. 8-12; Venture, pp. 1-2.

¹³ *Comment Sought on Experimental Design for Examining Performance Properties of Simultaneous Multiple Round Spectrum License Auction With and Without Combinatorial Bidding*, Public Notice, 20 FCC Rcd, 8685 (2005) (Experimental Design Proceeding). RTG, TDS, and Leap Wireless submitted comments in the Experimental Design Proceeding detailing the concerns associated with the "threshold" problem and provided examples of its affect on small carriers. The "threshold" problem was also discussed in detail in a paper authored by Professors Jacob K. Goeree and Charles A. Holt. See, J. Goeree and C. Holt, "Comparing the FCC's Combinatorial Bidding and Non-Combinatorial Simultaneous Multiple Round Auctions: Experimental Design Report" (April 27, 2005).

carriers able to afford the largest license packages over smaller carriers that may place greater value on individual licenses.¹⁴

As RTG stated in the Experimental Design Proceeding:

[S]mall bidders seeking an individual license have little chance of reaching an auction's "threshold" when a large bidder has entered a package bid on a group of licenses that includes the individual license sought after by a smaller bidder. Even though the smaller bidder may actually value an individual license more than the larger bidder, the larger bidder's "package" will net more gross revenue and will thus be preferred over an aggregation of individual bids.¹⁵

Thus, package bidding erects a significant barrier to the acquisition of spectrum by small, rural carriers, contrary to the objectives of section 309(j) of the Act. OPASTCO urges the Bureau to reject the use of package bidding for the AWS-1 auction.

V. CONCLUSION

The Bureau should adopt rules and procedures for the June 29, 2006 AWS-1 auction that encourage rather than discourage the participation of small, rural carriers. In particular, the Bureau should continue to use a transparent bidding process that allows small, rural carriers to make informed bidding decisions. Also, the Bureau should lower the proposed upfront payment formula so that small, rural carriers with limited financial resources are able to bid effectively. Finally, the Bureau should reject the use of package bidding, an untested and complicated procedure that would discriminate against small, rural carriers.

¹⁴ RTG Comments in the Experimental Design Proceeding, p. 3.

¹⁵ *Id.*, pp. 2-3.

Respectfully submitted,

**ORGANIZATION FOR THE PROMOTION
AND ADVANCEMENT OF SMALL
TELECOMMUNICATIONS COMPANIES**

By: /s/ Stuart Polikoff

Stuart Polikoff

Director of Government Relations

Brian Ford

Policy Analyst

21 Dupont Circle, NW

Suite 700

Washington, DC 20036

(202) 659-5990

February 28, 2006

Certificate of Service

I, Brian Ford, hereby certify that copies of OPASTCO's comments were sent on this, the 28th day of February, 2006 by first class United States mail, postage prepaid, or via electronic mail, to those listed on the attached sheet.

By: /s/ Brian Ford
Brian Ford

Service List
WC Docket No. 06-30
DA 06-238

Tim P. Green
VP/General Manager
Advanced Communications Technology
290 N. Brooks Street
Sheridan, WY 82801

J. R. Carbonell
Carol L. Tacker
Michael P. Goggin
Cingular Wireless LLC
1818 N Street, N.W., Suite 800
Washington, D.C. 20036

Glenn S. Rabin
Vice President
Federal Communications Counsel
Alltel Corporation
601 Pennsylvania Ave., N.W., Suite 720
Washington, DC 20004

Carl W. Northrop
J. Steven Rich
Paul, Hastings, Janofsky & Walker LLP
Columbia Capital LLC
and MC Venture Partners
875 15th Street, NW
Washington, DC 20005

Mary Meche
Corporate Counsel
Cameron Communications
PO Box 2237
Sulphur, LA 70664

Christopher Guttman-McCabe
Vice President, Regulatory Affairs
Paul W. Garnett
Assistant Vice President, Regulatory Affairs
CTIA – The Wireless Association
1400 16th Street, NW Suite 600
Washington, DC 20036

Robert G. Adams
General Manager
CC Communications
77 N. Main St.
PO Box 1390
Fallon, NV 89407

Brock E. Johansen
General Manager/CEO
Emery Telcom
PO Box 629
445 East, SR29
Orangeville, UT 84537

William L. Roughton, Jr.
Centennial Communications Corp.
3349 Rt. 138 , Bldg A
Wall, New Jersey 07719

Jerry Heiberger
General Manager
Interstate Telecommunications Cooperative
PO Box 920
312 4th Street West
Clear Lake, SD 57226

James H. Barker
Latham & Watkins LLP
Leap Wireless International, Inc.
555 Eleventh Street, NW
Suite 1000
Washington, DC 20004-1304

Robert J. Irving
Senior Vice President and General
Counsel
Leap Wireless International, Inc.
10307 Pacific Center Court
San Diego, CA 92121

Carl W. Northrop
J. Steven Rich
Paul, Hastings, Janofsky & Walker LLP
MetroPCS Communications, Inc.
875 15th Street, NW
Washington, DC 20005

Mark A. Stachiw
Senior Vice President, General Counsel, and
Secretary
MetroPCS Communications, Inc.
8144 Walnut Hill Lane, Suite 800
Dallas, TX 75231

Glenn W. Ishihara
President
NTCH, Inc. dba CLEAR TALK
703 Pier Ave #B
PMB813
Hermosa Beach, CA. 90254

Becky Dooley
General Manager
RT Communications
PO Box 506
130 S. 9th
Worland, WY 82401

Caressa D. Bennet
Gregory W. Whiteaker
Kenneth C. Johnson
Bennet & Bennet, PLLC
Rural Telecommunications Group
10 G Street, N.E.
Seventh Floor
Washington, D.C. 20002

Robert S. Foosaner
Chief Regulatory Officer and Senior Vice
President, Government Affairs
Lawrence R. Krevor
Vice President, Government Affairs
Trey Hanbury
Director, Government Affairs
Sprint Nextel Corporation
2001 Edmund Halley Drive
Reston, VA 20191

Thomas J. Sugrue
Vice President-Government Affairs
Kathleen O'Brien Ham
Managing Director- Federal Regulatory
Affairs
T-Mobile USA, Inc.
401 9th Street, NW
Washington, DC 20004

James Jenkins
Vice President-Legal and External Affairs
US Cellular
8410 West Bryn Mawr
Chicago, IL 60631

Joseph R. Hanley
Vice President-Technology Planning and
Services
Telephone and Data Systems, Inc.
30 N. LaSalle Street
Chicago, IL 60602

Warren G. Lavey
Skadden, Arps, Slate, Meagher & Flom LLP
333 W. Wacker Drive, Suite 2300
Chicago, IL 60606

George Y. Wheeler
Holland & Knight
2099 Pennsylvania Ave, NW #100
Washington, DC 20006

Venture Communications Cooperative
218 Commercial Ave, SE
PO Box 157
Highmore, SD 57345

Via Email

fcc@bcpiweb.com

auction66@fcc.gov